

and I believe it is important to address the leadership that sits just a few blocks away that is attempting to take this Nation to another level of economic empowerment and change.

It is important, Madam Speaker, to articulate more clearly the purposes of the economic stimulus package and the bankruptcy bill that will come to this floor in just a couple of days. Both of those bills respond to the needs of the average working American. It is important to note that the economic stimulus package has no earmarks and it is to generate jobs and those jobs are to be in the private sector.

Over the last 2 weeks, Madam Speaker, I have sat down in my school districts speaking to each superintendent asking them to establish an economic stimulus task force that would ensure that the dollars that would come through this stimulus package would be, first of all, used to educate our children; would be limited in its use for administrative costs; would be focusing on saving teachers' jobs or creating teachers' jobs; would focus on Title I; and would help modernize schools and hire contractors who would then hire people who are out of work in the private sector. School districts typically don't build or modernize their schools. Those are jobs, \$10 billion in the stimulus package.

Recently I have walked through unemployment offices to focus on getting job training dollars so that people could alter their careers and be able to be prepared for the 21st century workplace, such as being prepared for the green jobs that are also part of the economic stimulus package. Weatherization, \$5 billion for weatherization of our buildings and homes both in the cold weather and the hot weather. Those are jobs, Madam Speaker, that have not been created before. They are not jobs in the government. They are jobs in the private sector.

Madam Speaker, I went on to meet with the Texas Department of Transportation to ensure that contracts are shovel-ready; that new small businesses and minority businesses and women-owned businesses are being hired, that they are able to be proud of what they put on the Web site and that they actually do create jobs.

Just yesterday, I met with the mayor of Houston, the fourth largest city in the Nation, and the department heads, seeking creatively how we can enhance and beautify distressed areas, depressed areas, both in rural and urban areas, which was the purpose of the President's desire.

By the way, Madam Speaker, I can tell you that earmarks should not be labeled as being fraudulent. They should be transparent. They are not an added expenditure of dollars. They are simply allowing the people of the district, the State of Texas, the State of New York or Mississippi or Georgia or California to be able to assess where those moneys can be used more effectively. But we don't have any earmarks in the stimulus package.

The bankruptcy bill, which has been much maligned in certain areas, and I am very glad we are coming together to think together, is really a bill that responds to the little person, the person who was responsible, the person who really feels that bankruptcy may in fact be a shameful thing to do, but are working every day trying to make ends meet. They are making their payments, but they are falling behind as they try to make those payments.

What it does is it allows a judge to assess whether that person is able to more effectively keep their house if they are able to cram down the amount of the mortgage. But what happens, Madam Speaker, is that if that house is ultimately sold, any profit goes back to the lender. Where is the help for the little guy? Where is the help for the struggling homeowner and American who works every day? It is the bankruptcy court. That will not be a free ride.

In addition, I hope to offer legislation that indicates that if a buyer was manipulated with an adjustable rate or predatory lending, that their missteps in their mortgage, that their faltering, does not impact their credit score, which then ends their ability to be part of the economic resurgence that will come about over the next couple of months and years as we begin to see the economic stimulus package work.

This is not a tough task. I voted against the TARP originally. Money is being given to big banks. But what I believe is we have got to recapitalize our markets and restore our housing market.

Madam Speaker, we are on the right path. Let's do it in unity. Let's not forget the hard-working Americans who now need to have their day by passing the bankruptcy bill and making sure the stimulus package works.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. FRANKS) is recognized for 5 minutes.

(Mr. FRANKS of Arizona addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

LIFE ON THE DOWNSIDE OF THE LAFFER CURVE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. MCCLINTOCK) is recognized for 5 minutes.

Mr. MCCLINTOCK. Madam Speaker, the Laffer Curve is a simple but eloquent method of demonstrating how increasing taxes reduces economic productivity until a point of equilibrium is reached when further tax hikes actually reduce revenue. If the tax rate is zero, tax revenues are zero. But if the tax rate is 100 percent, tax revenues also reach zero, because there is no point in working. Thus, every increase in a tax rate produces a progressively

smaller return of tax revenues as people adjust their behavior to reflect the reduced value of their work. When taxes exceed an economic tipping point, revenues begin to fall.

California vividly demonstrated this effect in 1991 when Governor Pete Wilson imposed the biggest State tax increase in American history. That \$7 billion tax hike, a staggering combination of increases in sales and income and car taxes, broke the back of California's economy. While the rest of the Nation's economy expanded, the tax hike put California into a nosedive, including the biggest plunge in retail sales in 30 years. Those taxes brought in barely half of the new revenue that had been predicted and then produced two consecutive years of billion dollar a year declines in State revenues.

Well, Madam Speaker, California is about to get another very expensive lesson in the Laffer Curve, courtesy of a \$13 billion tax increase just approved by Governor Arnold Schwarzenegger. That hike will sock an average family with more than \$1,200 of new taxes.

We should watch California's experience very carefully in the days ahead, because it is going to be a harbinger of the impact that we can expect under President Obama's proposed tax increases. Although California already has the highest sales tax in the Nation, it is about to go up by 13 percent, or a penny on the dollar. Although California has the highest income tax in the Nation, it is about to go up another quarter percent. Although California's sales tax is the second biggest generator of revenue for the State and automobile sales comprise a fifth of all sales taxes, the State has also doubled the car tax and is lobbying for new regulations which will increase the price of a new car by as much as \$5,000.

Benjamin Franklin said that "experience keeps a dear school, but fools will learn in no other." Appropriately, the California tax increases will take effect on April Fool's Day, illustrating that some people don't even learn from experience.

But perhaps some good will come of it for the Nation. If California's experience with the Wilson tax increases is any indication, the impact of the Schwarzenegger tax hike is likely to be immediate and devastating. I believe it could serve as an invaluable lesson for the Obama administration, which last week announced a whopping tax increase of \$1.4 trillion over the next 10 years, averaging about \$1,800 per family per year.

Now, I know, the President promises these taxes will only fall on the "very wealthy," those folks who earn \$125,000 as individuals or \$250,000 as couples. But the fact is that 65 percent of those folks aren't really folks at all. They are small businesses that are the very foundation of our economy, many of which are barely holding on as it is. The other tax will directly hammer families with higher energy and consumer prices through a \$656 billion carbon tax.

Now, it is not that another example should be necessary. Herbert Hoover's response to the recession of 1929 was to increase the marginal tax rate from 25 percent to 65 percent and to burden international trade with steep tariffs.

The Obama taxes have yet to be enacted, and if passed this year they won't take effect until 2010. By then, California will have become a poster child for "governments gone wild," a vivid warning of life on the downside of the Laffer Curve, and a lesson that the rest of the Nation should pay rapt attention to as we consider the impact of the administration's proposal for higher taxes nationally.

LOOKING FOR SOLUTIONS TO THE ECONOMIC PROBLEMS FACING AMERICA TODAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. PRICE) is recognized for 5 minutes.

Mr. PRICE of Georgia. Madam Speaker, we have talked a lot these past few weeks about the state of the economy and the challenges that Americans are facing. Certainly they are remarkable challenges that we face all across this Nation. The stock market was again down today.

So we look for solutions. The American people are demanding solutions on behalf of those folks that they sent to Washington, and rightly so. The "solution" I guess one could call it of the Obama administration is the budget that he proposed last week, and I would like to point out a few items on that budget.

The deficits from that budget will be \$1.75 trillion in this year, 12.3 percent of our gross domestic product, more than triple the previous year. A solution? I don't think so.

How about national debt. This budget that the President proposed doubles the national debt in just 8 years. Do the American people think that is a solution? I don't think so.

Interest. Beginning in 2012, the interest that we pay on the debt will be \$1 billion a day, Madam Speaker. \$1 billion a day. That is not a solution.

Taxes. You have heard my colleagues discuss, Madam Speaker, that this budget raises taxes by \$1.4 trillion, and it is on everybody, not just those that the President says can easily afford it.

And how about spending? Well, \$3.9 trillion in 2009, 27 percent of our gross domestic product, a record level, the highest level since World War II. Solutions? I don't think so.

But, Madam Speaker, the good news is that there are solutions out there. They are wonderful solutions. Those of us who are members of the Republican Study Committee put on the table H.R. 476, the Economic Recovery Act, something that we believe would be a powerful solution that would allow Americans to keep more of their hard-earned money, decrease some of the incredible roadblocks in the face of businesses so

that they can create jobs, and finally begin to decrease the amount of spending at the Federal level.

Other big thinkers across this Nation are providing solutions as well. One of them is the group American Solutions headed by former Speaker of this House, Newt Gingrich.

They recently came out with a proposal "12 American Solutions for Jobs and Prosperity," talking about the Washington solutions currently being produced by this administration being more money for more government, more power for more politicians, more debt and more bureaucrats. That is not what will lead to real job growth and prosperity. Instead, there are 12 specific solutions that I would like to share with the House of Representatives.

First, payroll tax stimulus. A new tax credit to offset 50 percent of the payroll tax would immediately inject money into small businesses and allow for job creation.

Second, real middle income tax relief, proposing to decrease the marginal rate of 25 percent to 15 percent so that 9 out of 10 American workers have a flat tax of 15 percent. Real money in the pockets of real Americans. Real solutions.

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Third, reduce the business tax rate.

Did you know, Madam Speaker, that Mexico and Sweden and Poland and Ireland and Hungary all have lower business taxes than the United States? If you're a business trying to decide where to put your company, you'd go somewhere else other than the United States if you were taking into account business tax rates.

The proposal is to decrease our business tax rate to 12.5 percent; equal Ireland's, instead of the current 35 percent that we have.

Fourth, homeowners assistance. Provide tax credit incentives for responsible home buyers so they can stay in their homes.

Fifth, control spending so we can move to a balanced budget.

Madam Speaker, did you know that the budget that the President put on the table last week never gets to a balanced budget? Never, never. Red numbers as far as the eye can see. We must have a balanced budget.

Sixth, no State aid without protection from fraud; making certain that the State governments ensure that there's no fraud and no theft of the hard-earned taxpayer money that they receive from the Federal Government.

Seventh, more American energy now. We absolutely must utilize American resources while we're conserving and while we're finding that new technology that will carry us through this century.

Eighth, abolish taxes on capital gain. We ought to match China and Singapore, yes, Madam Speaker, China and Singapore and lower the taxes, abolish the taxes on capital gains. You talk

about a job creation. My goodness gracious.

Ninth, protect our right to vote in the workplace. This majority is going to steal that right away with the secret ballot destruction act that they are proposing to put on the floor. We believe that it's imperative that workers have the right to a secret ballot when talking about forming a union.

Tenth, replace Sarbanes-Oxley.

Eleventh, abolish the death tax once and for all.

And, twelfth, invest in energy and transportation infrastructure. Real solutions for the American people.

I urge my colleagues to take a look at those kinds of solutions that will actually get the economy rolling and create jobs.

12 AMERICAN SOLUTIONS FOR JOBS & PROSPERITY

Washington solutions of more money for more government, more power for politicians, more debt, and more bureaucrats will not lead to real growth in jobs and prosperity. We need a clear and decisive alternative that creates jobs and rewards work, saving, and investment.

1. Payroll Tax Stimulus. With a temporary new tax credit to offset 50% of the payroll tax, every small business would have more money, and all Americans would take home more of what they earn.

2. Real Middle-Income Tax Relief. Reduce the marginal tax rate of 25% down to 15%, in effect establishing a flat-rate tax of 15% for close to 9 out of 10 American workers.

3. Reduce the Business Tax Rate. Match Ireland's rate of 12.5% to keep more jobs in America.

4. Homeowner's Assistance. Provide tax credit incentives to responsible home buyers so they can keep their homes.

5. Control Spending So We Can Move to a Balanced Budget. This begins with eliminating Congressional earmarks and wasteful pork-barrel spending.

6. No State Aid Without Protection From Fraud. Require state governments to adopt anti-fraud and anti-theft policies before giving them more money.

7. More American Energy Now. Explore for more American oil and gas and invest in affordable energy for the future, including clean coal, ethanol, nuclear power and renewable fuels.

8. Abolish Taxes on Capital Gains. Match China, Singapore and many other competitors. More investment in America means more jobs in America.

9. Protect Our Right to Vote in the Workplace. We must protect a worker's right to decide by secret ballot whether to join a union. Forced unionism will kill jobs at a time when we can't afford to lose them.

10. Replace Sarbanes-Oxley. This failed law is crippling entrepreneurial startups. Replace it with affordable rules that help create jobs, not destroy them.

11. Abolish the Death Tax. Americans should work for their families, not for Washington.

12. Invest in Energy and Transportation Infrastructure. This includes a new, expanded electric power grid and a 21st century air traffic control system that will reduce delays in air travel and save passengers, employees and airlines billions of dollars per year.

HONORING BRENT WHITLEY FOR HIS INSPIRING EXAMPLE OF SERVICE

The SPEAKER pro tempore (Mrs. DAHLKEMPER). Under a previous order